

STATE OF ALABAMA
DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
STATE LANDS DIVISION

INVITATION FOR BIDS FOR COALBED METHANE LEASE
ON CERTAIN STATE LANDS IN JEFFERSON COUNTY, ALABAMA

Notice is hereby given to all interested parties that sealed bids for the purchase of a coalbed methane lease on certain acreage located in Jefferson County, Alabama will be received by the Commissioner of the Alabama Department of Conservation and Natural Resources until 2:30 p.m. on August 30, 2007, at which time all bids will be publicly opened and read in the Commissioner's conference room, 469 Folsom Administrative Building, Montgomery, Alabama.

The acreage offered for lease consists of submerged lands located in Jefferson County, Alabama shown on Alabama Department of Conservation and Natural Resources Engineering Project Plat No. 1-L-20 and is more particularly described as follows:

The submerged lands of the Village Creek located in the Southwest quarter; the West half of the Southeast quarter; and the Southwest quarter of the Northeast quarter of Section 7, Township 17 South, Range 4 West; and the North half of the Northwest quarter of Section 18, Township 17 South, Range 4 West, in Jefferson County, Alabama, containing a total of 10.1 acres, more or less.

The State does not warrant nor guarantee title to the land herein advertised and all bidders should satisfy themselves as to the State's title and to the accuracy of acreage offered. Any bonus monies received by the State will not be returnable in the event of failure of title.

Bids submitted must be for the entire acreage. No bids for less than the complete tract will be considered. The successful bidder (if any) shall be required to pay the costs of advertising this invitation for bids.

Bids submitted must include bonus offered on coalbed methane and the constituent products. Bids offering a bonus of less than \$125.00 per net mineral acre will not be considered. Royalty for this offering is fixed at 18.75%. Each bid submitted must be accompanied by a certified or cashier's check for the total amount of bonus offered and made payable to the order of the State of Alabama. Bids submitted without such check will not be considered.

All bids submitted should be clearly marked on the outside of the envelope "JEFFERSON COUNTY COALBED METHANE BID, NOT TO BE OPENED UNTIL 2:30 P.M. ON AUGUST 30, 2007."

NO BID SHALL BE RECEIVED FOR ANY REASON ANY TIME AFTER THE ADVERTISED DEADLINE.

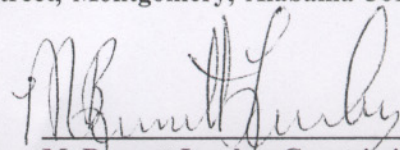
Any lease awarded at this sale shall be on the revised standard Department of Conservation and Natural Resources' Coalbed Methane Gas Lease form (July 1, 2004), have a primary term of five (5) years, and provide for delay rental of Ten Dollars (\$10) per acre per year.

The successful bidder must execute and return the lease to the State Lands Division within fifteen (15) days following the date of receipt; otherwise, the award may be deemed to have been withdrawn and the bid bonus forfeited.

All laws of the State of Alabama concerning the leasing of state properties for coalbed methane purposes shall govern this sale whether or not included in this notice.

The Commissioner of Conservation and Natural Resources reserves the right to withdraw the tract from this sale prior to issuance of a written acceptance of a bid, or to reject any and all bids for this tract. In any case, no bid for this tract will be accepted and no lease will be awarded to any bidder unless: (1) the bidder has complied with all requirements of this notice; and (2) the amount of the bid has been determined to be adequate by the Commissioner. Specification of a minimum bid amount to be considered does not suggest acceptance of any bid which may exceed that amount.

Persons desiring further information regarding this sale may contact the State Lands Division, Department of Conservation and Natural Resources, 64 North Union Street, Montgomery, Alabama 36130, or by telephone at (334) 242-3484.



M. Barnett Lawley, Commissioner
Department of Conservation and
Natural Resources